

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:175

ANSWERED ON:16.07.2004

ASSISTANCE TO COOPERATIVE BANKS

Boianapalli Shri Vinod Kumar;Meghwal Shri Kailash

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is aware of the poor financial health of cooperative banks in the country;
- (b) if so, details thereof including the reasons;
- (c) whether the Government as well as NABARD have formulated a new scheme to support these Banks; and
- (d) if so, the details thereof alongwith restructuring plan?

**Answer**

MINISTER OF FINANCE ( SHRI P. CHIDAMBARAM )

(a), (b), (c) & (d): A Statement is placed on the Table of the House.

Statement laid on the Table of Lok Sabha in reply to parts (a), (b), (c) & (d) of Starred Question No.175 for 16th July, 2004 tabled by Shri B. Vinod Kumar and Shri Kailash Meghwal regarding Assistance to Cooperative Banks

(a) & (b): As reported by National Bank for Agriculture and Rural Development (NABARD) and Reserve Bank of India (RBI), as on 31st March, 2003, 5 State Cooperative Banks (SCBs), 103 District Central Cooperative Banks (DCCBs) and 317 Urban Cooperative Banks (UCBs) have incurred losses.

(c) & (d): NABARD has prepared a scheme for revitalization of Rural Co-operative Credit Structure envisaging revitalization assistance of about Rs.14,500 crores to be shared between Central and State Governments in the ratio of 60:40 (90:10 in the case of Jammu & Kashmir and North-eastern States). It has been decided that the scheme would be implemented after an effective regulatory framework for Cooperative Banks has been put in place. In the meantime, it is proposed to set up a Task Force to recommend an action plan for reviving the Cooperative Banking Institutions. The Task force will be asked to submit its report by 31st October, 2004.